



FEED GRAIN PROGRAM - 1971

SIGN-UP DATES MARCH 2 TO APRIL 9

COOPERATIVE EXTENSION SERVICE
THE OHIO STATE UNIVERSITY

1971 VOLUNTARY FEED GRAIN PROGRAM*

by

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(Items marked ► are significantly different from 1970 regulations)

► 1. What are the purposes of the 1971 feed grain program?

The feed grain set-aside program is voluntary. It is designed to:
a) help assure production of a national supply of feed grains that will fulfill domestic and export needs and provide equitable returns to growers, b) provide farmers wider latitude in deciding the kind and amount of grains and other crops they produce on their farms, and c) help assure that feed grains are competitively priced in domestic and world markets.

► 2. What changes were made in the program for 1971?

The major changes were: 1) the elimination of additional diversion or set aside, 2) no need to plant corn to participate, and 3) if less than 45 percent of feed grain base is planted in 1971, the feed grain base is reduced in 1972 unless protected by substitution. The required set aside remains at 20 percent (can be reduced) and producers must still maintain the conserving base.

► 3. How big is the feed grain carryover?

The carryover October 1, 1970 was 48 million tons. The carryover October 1, 1971 is expected to be 34-35 million tons in the U.S.

► 4. How long will the feed grain program be in effect?

The Agricultural Act of 1970 provides for a voluntary feed grain program applicable for the next three crop years. This publication covers provisions for the 1971 crop.

► 5. What major points should farmers consider in deciding to participate or not to participate in the program?

Farmers will want to make their decision based on the following factors:
a) applicable feed grain base, b) maintaining the feed grain base, c) support payment for corn and grain sorghum, d) eligibility for price support, e) conserving uses to which set-aside acreage must be devoted, f) maintaining or increasing the normal conserving base acreage, g) expected yields, prices and net farm income, h) substituting wheat and feed grain acreage, i) other factors affecting the farming operation such as southern corn leaf blight, j) personal values.

► 6. What is required for participation in the program?

Participation will be based on four actions:

- a) Sign up - scheduled for March 1 through April 9.
- b) Set-aside of a percentage of feed grain base.
- c) Maintaining conserving base acreage.
- d) Certification of acreage.

*Prepared January 11, 1971. Changes in regulations may occur that would change some of the answers.

► 7. Is it necessary to plant feed grains to participate in the program?

No, it is not necessary to plant feed grains to receive payment as a participant. However, farms which plant less than 45 percent of their feed grain base in 1971 will have their 1972 base reduced by the amount of underplanting, up to 20 percent of the base. If no feed grain or authorized substitute is planted for three consecutive years, the entire base is lost from the farm.

► 8. What will participants receive?

Participants are eligible to a) receive support payments, and b) take out loans on all the corn they produce.

FEED GRAIN BASE

► 9. What is the feed grain base?

The feed grain base is the average acreage which was devoted to corn and grain sorghum in the crop years 1959-60 adjusted. Sweet sorghum for silage was included in the base, and is included in determining compliance. Popcorn and sweet corn for human consumption are excluded from the base and in determining compliance.

► NOTE: THERE ARE LIMITED ACRES OF SORGHUM GROWN IN OHIO; THE REFERENCE TO THIS CROP IS OFTEN OMITTED FROM HERE ON. ANYONE GROWING SORGHUM MUST REMEMBER TO INCLUDE IT.

10. What if I am not satisfied with my adjusted feed grain base, conserving base, or projected yield?

You can appeal to the local A.S.C.S. committee within 15 days after receiving notification of the feed grain base. Evidence presented on acreage, yields, sales, etc. are helpful. County A.S.C.S. committee decisions can be appealed to the state A.S.C.S. committee.

► 11. How does the set-aside feature work?

The feed grain base under the set-aside program does not limit the acreage planted to corn and grain sorghum. The base will be used to determine the number of acres to be set aside from crop production to conserving uses to qualify for program payment.

Farmer A has a 1971 feed grain base of 100 acres. The set-aside will be no more than 20 acres. He can grow corn, sorghum, wheat or any combination of corn, soybeans, and other crops except tobacco. He may choose to grow all soybeans; however, in this case, he would lose a portion of his feed grain base in 1972, unless the Secretary approves soybean acreage as a substitute for feed grain acreage.

► 12. Can wheat be substituted for feed grain or feed grain for wheat?

Wheat may be substituted for corn to count toward the retention of the feed grain base if it exceeds the domestic wheat allotment (44 percent of the 1970 total wheat allotment). Corn planted in excess of 50 percent of the feed grain base may substitute for wheat in maintaining the wheat allotment.

Farmer A has a 1971 wheat allotment of 20 acres and a feed grain base of 100 acres. He planted 30 acres of wheat. Ten acres of wheat can be counted as feed grain and along with 35 acres planted to corn will maintain his feed grain base. This might be the case if due to leaf blight or other problems he doesn't want to plant corn. If he didn't plant wheat and wishes to maintain his wheat allotment, corn acreage in excess of 50 acres can be counted as wheat to maintain his wheat allotment.

► 13. How many acres must be removed from production?

The participant needs to plan for a 20 percent set aside in addition to his conserving base. A participant is eligible for support payments on a maximum of 50% of the feed grain base acreage.

CONSERVING BASE

14. What is the conserving base?

It is the average acreage devoted to conserving crops in 1959 and 1960 as adjusted.

► 15. Are the acres to be set aside in addition to the conserving base?

Yes, the acreage removed from crop production in 1971 must be set aside to conserving uses above (or in addition to) the 1971 conserving base.

Farmer B has a feed grain base of 30 acres and a 1971 conserving base of 30 acres. He chooses to participate in the program. He must set-aside six acres, on which conserving uses are carried out and have a total of 36 acres in conserving use. No crops may be harvested on the set-aside acres. (See question 17.)

16. What conserving uses are possible on the set-aside acres?

A.S.C.S. committee approved conserving uses may vary from county to county but generally include:

- (a) Permanent-type cover of grasses and legumes.
- (b) Temporary cover of grasses or legumes.
- (c) Wildlife food or habitat planting. (Check with county office).
- (d) Trees and shrubs for forestry purposes.
- (e) Clean tillage to control noxious weeds, with prior approval of the county A.S.C.S. committee.

17. May the acres set aside to conserving uses be harvested or grazed?

No crop can be harvested from set-aside acres from January 1, 1971 through December 31, 1971. Grazing is permitted on set-aside acres to March 31 and after September 1, 1971.

18. Can I break out non-cropland?

Yes, however all of the non-cropland acreage broken out will represent an increase in the conserving base.

SUPPORT LOANS OR PURCHASES

19. What is the loan rate for the 1971 feed grain crop?

The national average loan or purchase rate for participants will be adjusted to \$1.08 (No. 2 basis) per bushel on corn, \$2.21 per cwt. on grain sorghum. Participants complying with the regulations can receive a loan on all the corn they produce from CCC.

20. What loan or purchase price can I expect in Ohio for my corn crop?

In Ohio, the county loan or purchase rate for participants will probably average \$1.13 per bushel and vary by counties from about \$1.08 to about \$1.20 per bushel for the 1971 crop.

21. What will be the "net farm price" of corn placed under loan or purchase in off-farm storage?

The "net farm price" of corn is the county loan rate (\$1.13 avg. in Ohio) minus the additional costs necessary to condition and handle the corn for off-farm storage. These charges are between farmers and warehousemen and will vary by area and warehouse.

22. Can non-participants receive a price-support loan on soybeans?

Yes, all producers of 1971 soybeans are eligible for loans.

SUPPORT PAYMENTS

▶ 23. How does the support payment work?

The corn support payment amounts to a minimum of 32 cents per bushel (can be increased) on the yield from half the corn base. A national average of \$1.35 a bushel on the production from half the farm's corn base is guaranteed. Support payments will be equal to the difference between the national average price received by farmers during the first five months of the market year and the guarantee of \$1.35 per bushel but not less than 32 cents per bushel when 20% set-aside is required.

To calculate the support payment multiply half the feed grain base times the farm yield times the payment per bushel.

Farmer A has a feed grain base of 100 acres. His set aside to conserving uses will be 20 acres. The projected yield is 90 bushels per acre. His support payment would amount to \$1,440.00 (100 acres x 50% = 50 acres x 90 bushels = 4,500 bushels x 32¢ = \$1,440) provided he signs up for the program.

24. May soybeans be planted to maintain the feed grain base?

No. Present regulations do not permit this now but could be changed prior to sign-up time.

25. Do I need to take out a loan to receive the support payment?

No, the support payment is paid to all participants whether corn is grown or not, is fed on the farm, marketed through normal channels, or placed under loan. The support payment can be considered a form of crop insurance.

OTHER CONSIDERATIONS

26. What will be the market price for the 1971 corn crop?

This depends upon 1971 production, the effect of southern corn leaf blight, carryover, total demand including exports and participation in the program. Current government policy is to move to a market economy and to reduce the role of CCC in the market. Prices may show more fluctuation than in past years. Due to lower stocks of corn, the market price should be higher than the \$1.08 support price level.

27. Can a participating farmer plant fall-seeded small grain on the set-aside acreage?

Yes, the 1971 feed grain program applies to crops harvested in 1971; the fall-seeded grain will be harvested in 1972.

- ▶ 28. What if a landlord owns more than one farm and exceeds the feed grain base acreage on one of his farms?

If the feed grain acreage is exceeded on any farm owned by a landlord, there is no problem. Each farm stands on its own and is considered separately.

- ▶ 29. Does a tenant farming a number of farms have to comply with all the corn bases on all farms?

No, the same rule applies to tenants as to landlords. (Question 28.)

30. How will payments be divided among landlords and tenants?

Support payments will be divided in the same manner as the crop. Upon request of the landlord and tenant, a different division may be agreed to.

- ▶ 31. Can a livestock producer participate in the program?

Yes, provided he signs up for the program. The additional flexibility provides for more opportunity to benefit from the program. An appeal on conserving base must be made within 15 days of the notification (ASCS-447-1 notice form). Livestock farmers who have not participated under previous programs may want to consider appeals to county committees for adjustment of conserving base acreage. The availability of livestock to utilize the set-aside acreage after September 1 should be considered.

32. How can I determine whether I should participate in the program?

There are many factors to consider and no single answer can be given. An illustrative method follows which may be useful in determining the income possibilities on your farm.

ASSUMPTIONS:

FARM EXAMPLE

1. Farm has a corn base of 160 acres.
2. A "projected" yield of 100 bushels of corn per acre has been established for the farm.
3. An actual yield of 100 bushels of corn per acre will be harvested on this farm in 1971.
4. Open market corn price is estimated at \$1.25 per bu. for the 1971 crop.
5. The county loan price for Ohio on the 1971 crop will avg. \$1.13 per bu. (national loan is \$1.08).
6. Approved storage facilities are available on the farm to handle 16,000 bu. of corn.
7. Actual yields of 33 bushels of soybeans per acre will be harvested in 1971.
8. The open market price of soybeans is being estimated at \$2.50 per bu. (support level is \$2.25).

1971 Land Use and Cropping Program for a 450-Acre Ohio Farm
(Examples showing no participation, 20% diversion and maximum diversion)

Crop or Land Use	Non- Participant (Acres)	20% Diversion Participation (Acres)	Grow 45%	
			Feed Grain Base (Acres)	My Farm (Acres)
Corn	160	160	72	_____
Wheat (farm allotment)	80	80	80	_____
Soybeans	110	78	166	_____
Hay (conserving base)	80	80	80	_____
Set-aside	0	32	32	_____
Buildings, roads, etc.	20	20	20	_____
TOTAL ACRES IN FARM	450	450	450	_____

Partial Budget For The Farm - Corn and Soybeans Only
(all fixed costs excluded)

<u>Cash Receipts:</u>				
Corn, open market @	\$20,000	\$20,000	\$ 9,000	\$ _____
\$1.25 per bu. <u>a/</u>				
Support payment @	---	2,560	2,560	_____
32¢ per bu. <u>b/</u>				
Soybeans, open market @	<u>9,075</u>	<u>6,435</u>	<u>13,695</u>	_____
\$2.50 per bu. <u>c/</u>				
TOTAL	\$29,075	\$28,995	\$25,255	\$ _____

Variable Cash Expenses

<u>Corn:</u>				
Labor @ \$5.50 ^{d/}	880	880	396	_____
Fertilizer & Lime @ \$21.	3,360	3,360	1,512	_____
Seed @ \$7.	1,120	1,120	504	_____
Chemicals @ \$3.	480	480	216	_____
Fuel & Oil @ \$5.	800	800	360	_____
Machinery @ \$20.	3,200	3,200	1,440	_____
Repairs & Misc. @ \$2.50	400	400	180	_____
Shelling, Drying & Trucking @ 20¢/bu.	3,200	3,200	1,440	_____
 <u>Soybeans</u>				
Labor @ \$5. ^{d/}	550	390	830	_____
Fertilizer @ \$2.25	247.50	175.50	373.50	_____
Seed @ \$4.	440	312	664	_____
Chemicals @ \$3.	330	234	498	_____
Fuel & Oil @ \$4.50	495	351	747	_____
Machinery @ \$13.	1,430	1,014	2,158	_____
Repairs & Misc. @ \$2.	220	156	332	_____
Trucking @ \$1.55	170.50	120.90	257.30	_____
Weed Control and Cover	---	192	192	_____
Crop on Diverted Acres @ \$6./acre				_____
TOTAL	\$17,323.00	\$16,385.40	\$12,099.80	_____

Cash Receipts less				
Variable Expenses	\$11,752.00	\$12,609.60	\$13,155.20	_____

a/ Based on 100 bu. (actual yield) x acres x \$1.25 per bu.

b/ One half the feed grain base (80) x farm yield (100) x payment/bu. (32¢)

c/ Based on 33 bu. (actual yield) x acres x \$2.50 per bu.

d/ Hours per acre to produce corn (2.75) x \$2.00/hr. x number of acres

NOTE: A labor charge of \$2.00 per hour is used as an example. You may wish to use a different rate.

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